

STOCK POSITIONING

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BACKGROUND: Provides an update for DLA's CONUS and OCONUS
Stockage
Support

DISCUSSION:

- DLA's Stock Positioning Policy is based on 3 tenets.
 - . Material will only be actively stocked in the minimum number of the Defense Depots necessary.
 - . Material with well-defined or predictable demand patterns, or that is identifiable as being required by the end user on a quick response bases will be stored on a closet to the customer basis.
 - . Material with special handling requirements or less well-defined demand patterns will be centrally stocked.
- CONUS SUPPORT
 - . With the exception of material requiring special handling, material shall be stored at a DLA Depot if 10% of the total annual system demand occurs within 100 miles of the depot, or if customers within that same 100 mile radius use at least 400 units of issue annually.
 - . Active items (material with recorded Annual Demand Frequency of 6 or more hits) shall be stocked at either PDS East or West.
 - . Cross country shipments from PDS East to satisfy requisitions to western customers have been reduced significantly. In 1997 only 42% of Western requisitions were filled out of DDJC. Today better than 69% of Western requisitions are filled from PDS West. This effort is ongoing.

- . A system change reversing the Red River Geographical Area Code (GAC) has been approved and implemented. The change corrects the assignment of demands going into Red River. The demand will now be assigned to either PDS East or PDS West thus having a positive impact on Logistics Response Time (LRT).

- . Navel vessels home ported in Norfolk will be assigned a GAC which satisfies their demands from Norfolk first, then to PDS East. Gulf coast ships at Pascagoula will be assigned to a GAC that applies their demand to PDS-East.

- . Pacific coast ships home ported at San Diego will be assigned to a GAC that applies their demand first to San Diego (DDDC), then to PDS West. Vessels home ported at Puget Sound (DDPW) will be assigned a GAC that applies their demand first to DDPW, then to PDS West.

- . Trident submarines at Bangor, Washington, will be assigned to a GAC that applies their demand first to DDPW, (pending final resolution) then to PDS West. All other Pacific coast home ported vessels will be assigned to a GAC that applies their demand to PDS West.

- **OCONUS SUPPORT**

- . Three new Geographical Area Codes (GACs) have implemented (Feb 00) at DLA's OCONUS depots in Pearl Harbor, Hawaii (DDPH), Yokosuka, Japan (DDJY) and Germersheim, Germany (DDDE). The new GACs permit direct assignment of material to those customers in the above areas.

- . DLA has published its proposed OCONUS Stockage Policy. The emphasis is on using those facilities having the greatest positive impact on Logistics Response Time (LRT), by forward positioning a select set of items having high demand and currently moved by air transportation.

. The MOA between DLA and Navy transitions physical distribution functions at Yokosuka to DLA. The MOA also outlines financial terms and conditions for billing and future budgeting. DLA will position materiel at Yokosuka in support of Navy and Marine Corp requirements. This action will permit a substantial reduction in Navy retail intermediate level investment and reduce costs through optimized distribution charges.

CONCLUSION:

- The assignment of three new GACs greatly enhances DLA's ability to forward position materiel in support of its customers. Current and future efforts weigh heavily on current system limitations to forward position automatically vice manually. A concept of replenishment (system change) for OCONUS stockage has been submitted (Feb00) to DSIO which will result in the eventual capitalization of Navy retail assets located at Yokosuka, Japan as DLA wholesale assets and for DLA to assume responsibility for stockage of those items.

RECOMMEDATION: None

- For information only